

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 COM-02 AGRE-00 CEA-01 CIAE-00
DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
/113 W

-----041398 070807Z /21

P 070748Z JUL 78

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9410

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: INDUSTRIAL FASTENERS

REF: A. TOKYO 4064

- B. STATE 167152

SUMMARY: FINAL WORDING OF LAW ON EMERGENCY ASSISTANCE
TO COUNTER EFFECTS OF YEN APPRECIATION ON SMALL/
MEDIUM-SIZED BUSINESSES DIFFER SOMEWHAT FROM PRELIMINARY
DRAFT REPORTED REF. A; INDUSTRIAL FASTENERS ARE
INCLUDED IN THE LAW'S PROVISIONS. APPROXIMATELY
300 OF 25,000 YEN-APPRECIATION LOANS MADE FROM 10/77
THROUGH 5/78 WERE TO MEMBERS OF THE FASTENER
INDUSTRY. WE ARE FURNISHING JAPANESE-LANGUAGE
COPIES OF MATERIALS REQUESTED IN PARA 4 OF
REF. B. END SUMMARY.

1. INDUSTRY COVERAGE AND ELIGIBILITY REQUIREMENTS
AS REPORTED IN REF A WERE BASED ON PRELIMINARY
INFORMATION RECEIVED INFORMALLY FROM MITI AND OTHER
SOURCES WHILE THE GOJ WAS STILL DISCUSSING THE
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LAW'S FINAL WORDING. HOWEVER, EXAMINATION OF
THE LAW AS FINALLY PROMULGATED CONFIRMED THE
NIHON KEIZAI REPORT OF FEB. 14; "MANUFACTURE OF
BOLTS, NUTS, RIVETS, SMALL SCREWS, WOOD SCREWS,
ETC." BECAME ONE OF THE 108 INDUSTRIES ACKNOWLEDGED
BY RESPONSIBLE MINISTERS AS AFFECTED BY APPRECIATION
OF THE YEN.

2. THE LATTER PART OF PARA. 5 IN REF. A SHOULD READ:

(A) ELIGIBLE FIRM MUST BE MANUFACTURING OR TRANSPORTATION COMPANY WITH LESS THAN 100 MILLION YEN CAPITAL AND LESS THAN 300 EMPLOYEES, OR A RETAIL OR SERVICE COMPANY WITH LESS THAN TEN MILLION YEN CAPITAL AND LESS THAN 50 EMPLOYEES, OR A WHOLESALE COMPANY WITH LESS THAN 300 MILLION CAPITAL AND LESS THAN 100 EMPLOYEES. ALSO ELIGIBLE ARE COMPANIES ENGAGED IN THE MANUFACTURE OF CERAMIC TABLEWARE AND TILES WITH LESS THAN 100 MILLION YEN CAPITAL AND LESS THAN 900 EMPLOYEES, THE MANUFACTURE OF RUBBER PRODUCTS WITH LESS THAN 100 MILLION YEN CAPITAL AND LESS THAN 900 EMPLOYEES, TEXTILE DYEING AND FINISHING WITH LESS THAN 100 MILLION YEN CAPITAL AND LESS THAN 600 EMPLOYEES, MINING WITH LESS THAN 100 MILLION YEN CAPITAL AND LESS THAN 1,000 EMPLOYEES, AND THE MANUFACTURE OF COPPER ROLLED PRODUCTS WITH LESS THAN 100 MILLION YEN CAPITAL AND LESS THAN 500 EMPLOYEES. COMMERCE AND INDUSTRY COOPERATIVES AND ALLIED ASSOCIATION WHICH ARE ACKNOWLEDGED BY A COMPETENT MINISTER AS EXPORT-ORIENTED AND AFFECTED BY THE YEN APPRECIATION ARE ALSO CONSIDERED ELIGIBLE.

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(B) AN ELIGIBLE FIRM/COOPERATIVE MUST ALSO BELONG TO AN INDUSTRY ACKNOWLEDGED BY A RESPONSIBLE MINISTER AS AFFECTED BY THE APPRECIATION OF THE YEN, OR BE A MEDIUM OR SMALL SIZED FIRM OR COOPERATIVE IN AN INDUSTRY LOCATED IN ONE OF 17 PREFECTURES, ACKNOWLEDGED AS EXPORT-ORIENTED AND AFFECTED BY THE APPRECIATION OF THE YEN.

(C) SUFFERED A MINIMUM 5 PERCENT DROP IN PRODUCTION OR SALES FOR THREE MONTHS AFTER JUNE 1, 1977 FROM THE CORRESPONDING PERIOD OF PRECEDING YEAR, ATTRIBUTABLE TO YEN APPRECIATION.

3. ON MARCH 30, 1978, MITI, MINISTRY OF AGRICULTURE AND FORESTRY, MINISTRY OF HEALTH AND WELFARE, AND MINISTRY OF TRANSPORT ISSUED A JOINT NOTIFICATION NO. 2 BY WHICH THE NUMBER OF INDUSTRIES ACKNOWLEDGED AS AFFECTED BY YEN APPRECIATION INCREASED FROM 108 TO 126, WHILE THE NUMBER OF PREFECTURES SO ACKNOWLEDGED INCREASED FROM 17 TO 20.

4. CABINET ORDER NO. 174 (PARTIAL AMENDMENT OF CABINET ORDER ON ENFORCEMENT OF TEMPORARY MEASURES LAW CONCERNING COUNTERMEASURES FOR SMALL/MEDIUM-SIZED ENTERPRISES AFFECTED BY YEN APPRECIATION) WAS ISSUED ON MAY 22, 1978. HERE, THE INTEREST RATE REFERRED TO IN PARA. 7 (A) OF REF. A WAS CHANGED FROM 5.5 PERCENT TO 5.3 PERCENT FOR UP TO 3 YEARS, AND FROM 6.2 PERCENT TO 6.0 PERCENT

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INFO OCT-01 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
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ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
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FOR LONGER TERMS. THE DEADLINE FOR FILING AN APPLICATION WAS CHANGED FROM JUNE 30 TO SEPTEMBER 30, 1978. ACCORDING TO THE PLANNING DEPT. OF MITI'S MEDIUM AND SMALL ENTERPRISES AGENCY, 25,284 LOANS WERE MADE UNDER THE "TEMPORARY COUNTERMEASURES LAW" FROM OCTOBER 1, 1977 TO MAY 31, 1978, OF WHICH 298 WERE LOANS TO "MANUFACTURERS OF BOLTS, NUTS, RIVETS, SMALL SCREWS, WOOD SCREWS, ETC." (MITI DID NOT HAVE A MORE SPECIFIC BREAKDOWN READILY AVAILABLE).

5. IN RESPONSE TO REQUESTS MADE IN PARA. 4 OF REF. B:

A) "TEMPORARY MEASURES LAW CONCERNING COUNTER-MEASURES FOR SMALL/MEDIUM SIZED ENTERPRISES AFFECTED BY THE STEEP APPRECIATION OF THE YEN"

LAW NO. 2, FEBRUARY 14, 1978

B) "CABINET ORDER ON ENFORCEMENT ON TEMPORARY
MEASURES LAW CONCERNING COUNTERMEASURES FOR SMALL/
MEDIUM-SIZED ENTERPRISES AFFECTED BY THE STEEP
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APPRECIATION OF THE YEN."

- CABINET ORDER NO. 19, FEBRUARY 14, 1978
C) THE PROGRAM INITIATED BY MITI ON OCTOBER 1, 1977
WAS BASED ON MITI/MOF MEMO WHEREBY AN ADMINISTRATIVE
SYSTEM WAS ESTABLISHED FOR EMERGENCY FINANCIAL
ASSISTANCE TO SMALL AND MEDIUM ENTERPRISES
BEING AFFECTED BY FOREIGN EXCHANGE FLUCTUATIONS.
THERE WAS NO OFFICIAL NOTIFICATION PUBLISHED IN
THE OFFICIAL GAZETTE, BUT INSTEAD A MITI RELEASE WAS ISSUED
TITLED "EMERGENCY COUNTERMEASURES FOR SMALL OR
MEDIUM SIZED ENTERPRISES BEING AFFECTED BY STEEP
APPRECIATION OF THE YEN (CABINET DECISION MADE
ON JANUARY 17, 1978)."

D) JAPANESE-LANGUAGE COPIES OF ALL MATERIAL
CITED IN PARAS. 4 AND 5 ABOVE ARE BEING POUCHED
TO EA/J.
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Message Attributes

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Disposition Case Number: n/a
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TAGS: ETRD, JA, US
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